



# House of Representatives

General Assembly

**File No. 190**

February Session, 2008

House Bill No. 5515

*House of Representatives, March 26, 2008*

The Committee on Insurance and Real Estate reported through REP. O'CONNOR of the 35th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

## **AN ACT INCREASING THE FINANCIAL RESPONSIBILITY LIMITS FOR MOTOR VEHICLES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 14-112 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective January 1, 2009*):

3 (a) To entitle any person to receive or retain a motor vehicle  
4 operator's license or a certificate of registration of any motor vehicle  
5 when, in the opinion of the commissioner, such person has a record on  
6 file with the commissioner which is sufficient, in the opinion of the  
7 commissioner, to require evidence of financial responsibility for the  
8 reasonable protection of other persons, the commissioner shall require  
9 from such person proof of financial responsibility to satisfy any claim  
10 for damages by reason of personal injury to, or the death of, any one  
11 person, of twenty thousand dollars, or by reason of personal injury to,  
12 or the death of, more than one person on account of any accident, of at  
13 least forty thousand dollars, and for damage to property of at least ten  
14 thousand dollars. On and after January 1, 2009, the commissioner shall

15 require from such person proof of financial responsibility to satisfy any  
16 claim for damages by reason of personal injury to, or the death of, any  
17 one person, of twenty-five thousand dollars, or by reason of personal  
18 injury to, or the death of, more than one person on account of any  
19 accident, of at least fifty thousand dollars, and for damage to property  
20 of at least twenty-five thousand dollars, except that if proof of financial  
21 responsibility is evidenced by a policy of insurance as described in  
22 subsection (b) of this section, the commissioner shall require such  
23 proof in such amounts in a policy delivered, issued for delivery or  
24 renewed on or after January 1, 2009. When the commissioner requires  
25 proof of financial responsibility from an operator or owner of any  
26 motor vehicle, he may require proof in the amounts herein specified  
27 for each vehicle operated or owned by such person. If any person fails  
28 to furnish such proof, the commissioner shall, until such proof is  
29 furnished, suspend or revoke the license of such person to operate a  
30 motor vehicle or refuse to return any license which has been  
31 suspended or revoked in accordance with the provisions of section 14-  
32 111 or suspend or revoke the registration of any such motor vehicle or  
33 vehicles or refuse thereafter to register any motor vehicle owned by  
34 such person or refuse to register any motor vehicle transferred by him  
35 if it does not appear to the commissioner's satisfaction that such  
36 transfer is a bona fide sale, or, if such person is not a resident of this  
37 state, withdraw from such person the privilege of operating any motor  
38 vehicle in this state and the privilege of operation within this state of  
39 any motor vehicle owned by him. Prior to such suspension, revocation  
40 or withdrawal, notice thereof shall be given by the commissioner by a  
41 notice forwarded by bulk certified mail to the address of such person  
42 as shown by the records of the commissioner. No appeal taken from  
43 the judgment of any court shall act as a stay to any action of the  
44 commissioner authorized by the provisions of this section.

45 (b) Such proof of financial responsibility shall be furnished as is  
46 satisfactory to the commissioner and may be evidence of the insuring  
47 of the named insured or resident relative of the named insured against  
48 loss on account of his legal liability for injury to or the death of persons  
49 and damage to property in the respective amounts provided by this

50 section in the form of a certificate signed by any person authorized in  
51 writing by an officer of any company authorized to issue such  
52 insurance in this state or any agent of such company licensed under  
53 the provisions of section 38a-769, showing that a policy of insurance in  
54 such amounts, noncancellable except after ten days' written notice to  
55 the commissioner, has been issued to the person furnishing such proof  
56 and no insurance company or insurance agent shall refuse to make  
57 such filing of evidence of insurance during the time such insurance  
58 company has a valid policy in force covering the named insured or  
59 resident relative of the named insured and such company may charge  
60 a fee not to exceed ten dollars for such filing; or such proof may be the  
61 bond of a surety company or a bond with individual surety owning  
62 real estate, which bond shall be conditioned for the payment of such  
63 amounts and shall not be cancellable except after ten days' written  
64 notice to the commissioner. Such bond shall constitute a lien in favor of  
65 the state upon the real estate of any surety, which lien shall exist in  
66 favor of any holder of a judgment on account of damage caused by the  
67 operation of such person's motor vehicle, upon the filing of notice to  
68 that effect by the commissioner in the town clerk's office in the town  
69 where such real estate is located. Such proof of financial responsibility  
70 may also be evidence presented to the commissioner of a deposit by  
71 such person with the State Treasurer of a sum of money or collateral,  
72 the amount of which money or collateral shall be determined by and  
73 shall be satisfactory to the commissioner. The State Treasurer shall  
74 accept any such deposit and issue a receipt therefor, and, if such  
75 deposit is a sum of money, the state shall pay interest thereon if so  
76 directed by the Secretary of the Office of Policy and Management at a  
77 rate not greater than the amount received by the state. The Treasurer  
78 may deposit any money so received in any incorporated savings bank  
79 located in this state. Whenever any agent of an insurance company  
80 certifies to evidence of the insuring of any person, from whom proof of  
81 financial responsibility has been required, by the company for which  
82 such agent is authorized to solicit, negotiate or effect contracts of  
83 insurance, such company shall notify the commissioner of the  
84 cancellation or termination of the policy referred to in such certificate

85 at least ten days before the effective date of such cancellation or  
86 termination, provided such notice shall not be required if such policy  
87 is renewed by such company, and provided a policy subsequently  
88 procured and referred to in a certificate filed with the commissioner  
89 shall, on the effective date of such policy, terminate the policy referred  
90 to in any certificate previously filed with respect to any motor vehicles  
91 designated in both certificates or, in case of an operator's policy, with  
92 respect to any operator designated in both certificates. Additional  
93 evidence of financial responsibility shall be furnished the  
94 commissioner at any time upon his request therefor.

95 (c) Such bond, money or collateral shall be held by the  
96 commissioner or Treasurer, as the case may be, to satisfy any execution  
97 issued against such person in any cause arising out of damage caused  
98 by the operation of any motor vehicle owned or operated by such  
99 person. Money or collateral so deposited shall not be subject to  
100 attachment or execution unless such attachment or execution arises out  
101 of an action for damages, including personal injury or death, as a result  
102 of the operation of any motor vehicle. Any person who furnishes proof  
103 of financial responsibility by a deposit of money or collateral shall,  
104 upon the service of any writ or summons arising out of any action for  
105 damages including personal injury or death caused by the operation of  
106 any motor vehicle, give written notice of such service to the  
107 commissioner, who shall require that additional evidence of financial  
108 responsibility be furnished to satisfy any judgment in any other action.  
109 If a judgment rendered against the principal on a surety or real estate  
110 bond is not satisfied within thirty days after its rendition, the judgment  
111 creditor may, for his own use and benefit and at his sole expense, bring  
112 an action in the name of the state against the company or person  
113 executing such bond. A reasonable sum, not exceeding ten dollars,  
114 shall be charged for such investigation of the title of any surety's real  
115 estate or of collateral so deposited and of the value of the same and for  
116 the filing fee to be paid to the town clerk.

117 (d) Repealed by P.A. 73-549, S. 2, 4.

118       (e) The commissioner shall furnish any person who may have been  
119 injured in person or property by any motor vehicle, upon written  
120 request, with such information as has been furnished to him as  
121 evidence of the financial responsibility of any operator or owner of any  
122 motor vehicle.

123       (f) Any operator or any registrant whose operator's license or  
124 certificate of registration has been suspended as herein provided or  
125 whose policy of liability insurance or surety bond has been cancelled  
126 or who fails to furnish additional evidence of financial responsibility  
127 upon request of the commissioner, shall immediately return to the  
128 commissioner his operator's license or certificate of registration and the  
129 number plate or plates issued thereunder. If any person fails to return  
130 to the commissioner the operator's license or certificate of registration  
131 and the number plate or plates issued thereunder as provided herein,  
132 the commissioner shall forthwith direct any motor vehicle inspector,  
133 state policeman or other police officer to secure possession thereof and  
134 to return the same to the office of the commissioner. Failure to return  
135 such operator's license or such certificate and such number plate or  
136 plates shall be an infraction.

137       (g) The commissioner may cancel such bond or return such  
138 evidence of financial responsibility or the Treasurer may, with the  
139 consent of the commissioner, return such money or collateral to the  
140 person furnishing the same, provided one year shall have elapsed from  
141 the date of the suspension of such license during which period such  
142 person has not, in the opinion of the commissioner, violated any  
143 provision of the motor vehicle laws referred to in subsection (a) of this  
144 section. The commissioner may direct the return of any money or  
145 collateral to the person who furnished the same upon the acceptance  
146 and substitution of other evidence of financial responsibility or at any  
147 time after one year from the expiration of any registration or license  
148 issued to such person.

149       (h) Any person who forges or, without authority, signs any  
150 evidence of financial responsibility required by the commissioner in

151 the administration of this section shall be fined not less than one  
152 hundred dollars or imprisoned not more than thirty days or both.

153 (i) Any person from whom proof of financial responsibility has been  
154 required may, at the end of twelve months, apply to the commissioner  
155 for removal of such requirements in a manner as determined by the  
156 commissioner. The commissioner or his authorized representative may  
157 make such further investigation as may be deemed necessary and,  
158 upon being satisfied that such applicant is entitled to such elimination  
159 of financial requirements, may eliminate the same.

160 (j) To entitle any person to receive or retain a motor vehicle  
161 operator's license or a certificate of registration of any motor vehicle  
162 when, in the opinion of the commissioner, such person has violated  
163 any of the provisions of the following-named sections and subsections:  
164 Section 14-44, section 14-80h or 14-80i, sections 14-110, 14-147, 14-217,  
165 14-219, sections 14-228, 14-275 to 14-281, inclusive, or subdivision (1) of  
166 subsection (a) of section 53a-123 or any similar provision of the laws of  
167 any other state or any territory, or who has been convicted of, or has  
168 forfeited any bond taken for appearance for, or has received a  
169 suspended judgment or sentence for, a violation of any of said  
170 provisions, or a violation of any of the provisions of sections 14-230 to  
171 14-247, inclusive, and 38a-371, within a twelve-month period following  
172 a violation of any of said sections, the commissioner may require from  
173 such person proof of financial responsibility to satisfy any claim for  
174 damages by reason of personal injury to, or the death of, any one  
175 person, of twenty thousand dollars, or by reason of personal injury to,  
176 or the death of, more than one person on account of any accident, of at  
177 least forty thousand dollars, and for damage to property of at least ten  
178 thousand dollars. On and after January 1, 2009, the commissioner shall  
179 require from such person proof of financial responsibility to satisfy any  
180 claim for damages by reason of personal injury to, or the death of, any  
181 one person, of twenty-five thousand dollars, or by reason of personal  
182 injury to, or the death of, more than one person on account of any  
183 accident, of at least fifty thousand dollars, and for damage to property  
184 of at least twenty-five thousand dollars, except that if proof of financial

185 responsibility is evidenced by a policy of insurance as described in  
186 subsection (b) of this section, the commissioner shall require such  
187 proof in such amounts in a policy delivered, issued for delivery or  
188 renewed on or after January 1, 2009. When the commissioner requires  
189 proof of financial responsibility from an operator or owner of any  
190 motor vehicle, he may require proof in the amounts herein specified  
191 for each vehicle operated or owned by such person. If any person fails  
192 to furnish such proof, the commissioner shall, until such proof is  
193 furnished, suspend or revoke the license of such person to operate a  
194 motor vehicle or refuse to return any license which has been  
195 suspended or revoked in accordance with the provisions of section 14-  
196 111 or suspend or revoke the registration of any such motor vehicle or  
197 vehicles or refuse thereafter to register any motor vehicle owned by  
198 such person or refuse to register any motor vehicle transferred by him  
199 if it does not appear to the commissioner's satisfaction that such  
200 transfer is a bona fide sale, or, if such person is not a resident of this  
201 state, withdraw from such person the privilege of operating any motor  
202 vehicle in this state and the privilege of operation within this state of  
203 any motor vehicle owned by him. Prior to such suspension, revocation  
204 or withdrawal, notice thereof shall be given by the commissioner by a  
205 notice forwarded by bulk certified mail to the address of such person  
206 as shown by the records of the commissioner. No appeal taken from  
207 the judgment of any court shall act as a stay to any action of the  
208 commissioner authorized by the provisions of this section.

This act shall take effect as follows and shall amend the following sections:

Section 1	January 1, 2009	14-112
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**INS**      *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

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### **OFA Fiscal Note**

#### **State Impact:**

Agency Affected	Fund-Effect	FY 09 \$	FY 10 \$
Department of Motor Vehicles	TF - Cost	25,000	None
Ins. & Risk Mgmt. Bd.	GF - None	None	None

Note: TF=Transportation Fund; GF=General Fund

**Municipal Impact:** None

#### **Explanation**

The bill results in a one-time fiscal impact of \$25,000 in FY 09 to the Department of Motor Vehicles for administrative costs such as revising forms and mailing notices.

The State Insurance and Risk Management Board purchases liability coverage for state vehicles under \$50,000. This policy includes a \$4 million per occurrence deductible, which means that when a state driver is involved in an accident and causes damage to a third party, the state is responsible for the first \$4 million of damage.

Since the bill increases financial responsibility limits within what the state currently covers, no fiscal impact is anticipated. Municipal costs are not expected to be affected by the bill because their automobile coverage policies are similar to that of the state.

#### **The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.



**OLR Bill Analysis****HB 5515*****AN ACT INCREASING THE FINANCIAL RESPONSIBILITY LIMITS FOR MOTOR VEHICLES.*****SUMMARY:**

This bill increases the minimum amount of financial responsibility (e.g., insurance) that the motor vehicle commissioner must require proof of from a person who wants to receive or retain a driver's license or motor vehicle registration. Beginning January 1, 2009, it increases the minimum amounts to \$25,000 for injury to or death of a person, \$50,000 for injury to or death of more than one person in any accident, and \$25,000 for property damage. Current law requires minimum amounts of \$20,000, \$40,000, and \$10,000, respectively.

If a person purchases an auto insurance policy to fulfill his or her financial responsibility, the bill requires a policy delivered, issued, or renewed on or after January 1, 2009 to include coverage of at least the specified new minimum amounts.

If a person does not provide the required proof, existing law requires the commissioner to (1) suspend or revoke his or her driver's license or operating privilege, (2) refuse to return a suspended or revoked license, (3) suspend or revoke the vehicle's registration, or (4) refuse to register any vehicle the person owns.

Existing law includes additional penalties for not maintaining the required financial security. It makes it a class C misdemeanor (up to a \$500 fine, up to three months in prison, or both) for an owner of a private passenger motor vehicle that is required to be registered in Connecticut to not have the required security (CGS § 38a-371). It imposes a \$100 to \$1,000 fine on an owner of a private passenger motor vehicle or a vehicle with a combination or commercial registration

registered or required to be registered in Connecticut who operates a vehicle, or permits its operation, without the required security. And it makes it a class D felony (up to \$5,000 fine, up to five years in prison, or both) for an owner of a vehicle with a commercial registration to knowingly operate a vehicle, or permit its operation, without the required security (CGS § 14-213b).

EFFECTIVE DATE: January 1, 2009

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable

Yea 11 Nay 8 (03/11/2008)